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Contract Types to Address Global Technical Leadership with Field Support and/or Cost-Contributions

An Additional Help for ADS Chapter 302

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Contract Types to address Global Technical Leadership with Field Support and/or Cost-Contributions

The purpose of this document is to describe alternative contracting mechanisms available to USAID/Washington technical offices to accept field support and/or cost-contributions from missions or other operating units to co-fund project activities. Field Support /Cost Contributions are funds provided from missions or other operating units for activities of interest to them that are implemented in conjunction with Bureau technical leadership activities.

Global technical leadership as referred to below is a critical function of Pillar Bureaus and typically requires a marriage of a leadership agenda with field testing and implementation. Field support and/or cost contributions refers to field transfer of funds to USAID/Washington in which the central bureau undertakes the managerial lead (e.g., CTO designation) under the contract or task order, but works in close collaboration with the Missions to ensure successful implementation. It provides Missions with an easy way to access state-of-the-art services and to take advantage of technical oversight and leadership that central programs offer. It can also serve as a mechanism to respond to urgent and rapidly evolving needs that are often associated with international assistance programs.

The alternatives discussed below are not in any order of precedence, but rather provided as a menu of contract types that one can consider within particular contexts to best address USAID needs and technical requirements. While not elaborated upon in detail below, the FAR allows for the possibility of contract “options” for additional time or work in each of the contract types and in task orders, assuming one evaluates, prices, and executes the option in accordance with relevant regulations. These options must be included in the original solicitation.

In the alternatives discussed below, examples of percentages in the level of field support and cost-contributions compared to core funding are used for illustrative purposes to assist in providing a practical framework. These percentages are provided to reflect the degree of confidence in the realism of the overall level of work. It is critical to understand that the percentages are solely provided to illustrate a rough order of magnitude and are not intended as absolutes. The percentage of field support in a contract or task order can be higher depending on other factors such as the confidence in the realism and the degree of specificity provided in the description of the tasks, deliverables, results, place of delivery and other factors used to establish cost realism/price reasonableness. Where commodities for field programs make up a substantial part of the scope of work, the field support percentage can be higher.

The alternatives presented focus on Level of Effort Contracts and task orders because of the difficulty in defining scope of work requirements in field support activities. However, there may be situations where completion contracts, including those using Performance Based work statements, may be appropriate.

Alternative 1: Stand Alone Level of Effort (LOE) Contract and Companion Multiple Award IQC Contracts.

1. Advantages:

- a. Allows for central management and the marriage of the leadership agenda with field implementation under an LOE contract.
- b. The level of effort contract is designed to allow for central funds and field support/cost-contributions.
- c. The companion IQCs with which leadership results are shared broaden the universe of possible field implementers.
- d. Largely avoids organizational conflict of interest (OCI) concerns as the LOE contract awardee is not one of the IQC holders.
- e. Provides a flexible method to meet various needs.
- f. Allows for multiple awardees vying for task orders.
- g. IQCs allow for the placement of orders over a 5-year period but performance can continue through year 6 under the Fixed Daily Rate (FDR) IQC model, and year 8 under the Cost Plus Fixed Fee (CPFF) IQC model.

2. Disadvantages:

- a. Scopes of Work of the two separate mechanisms need to be distinguished. The LOE contract provides for central management and the marriage of leadership and implementation. The IQC is an implementation contracting instrument.
- b. LOE awardee cannot be one of the IQC holders given conflict of interest and fair opportunity concerns.
- c. Any additional LOE above contract LOE constitutes new work and would require a JOFOC or new procurement.
- d. FAR requires heightened monitoring of LOE contracts which could likely involve more oversight by the CO/CTO which could impact timeliness of implementation.
- e. Determination and Finding are needed to justify choice of the LOE contract type because LOE contracts are one of the least favored in the FAR 16-601(b).
- f. RFP evaluation and selection process could be more cumbersome because two separate evaluations are required, with the evaluation of the LOE contract needing to take precedence.

3. Context: Use this mechanism when:

- a. Significant historical or survey evidence of field preference for accessing centrally managed programs is documented.
- b. Field needs to be cognizant that the primary means to obtain technical leadership is through transfers, but they have the option to obtain Mission managed services among qualified vendors through task orders.
- c. In the stand alone LOE contract, there needs to be a central component of known technical leadership and funding availability over the multi-year

period desired (a significant level of proposed funding (e.g.,20%) should be provided centrally in comparison to overall total estimated cost), which should assist in achieving the level of definition needed for an LOE contract.

Alternative 2: Stand Alone Level of Effort (LOE) Contract

1. Advantages:

- a. Allows for central management and the marriage of leadership agenda with field implementation under an LOE contract.
- b. The level of effort contract is designed to allow for central funds and field support/cost-contributions.
- c. The level to which the scope of work must be defined is somewhat less of an issue in LOE contracts (not as extensive as performance-based or completion contracts, but not as broad as an IQC).
- d. Limited competition concerns with field support as there are no longer issues related to fair opportunity, down select, or OCI given a single award context.
- e. Less work than #1, #3, #4, & #5 in procurement and management since it involves one single action.
- f. Assembly and diffusion of best technical practices easier than #1, #4 & #5 given a single award.
- g. LOE contracts are most viable for activities where exact needs cannot be predicted with precision, but effort can be defined.
- h. Incorporating options might be considered as a useful way of accommodating higher than expected field demand, e.g., field support.

2. Disadvantages:

- a. Only one contractor, which does not allow for multiple awardees vying for task orders, and may limit ability to increase diversity/new partners.
- b. Need greater assurances of likely resources and demand than an IQC and need to be specifically mindful of Government's ability to meet contracted LOE levels.
- c. Any additional LOE above contract LOE constitutes new work and would require a JOFOC or new procurement.
- d. FAR requires heightened monitoring of LOE contracts, which could involve more oversight by the CO/CTO, which could impact timeliness of implementation.
- e. Determination and finding needed to justify contract type as LOE contracts are one of the least favored in the FAR 16-601(b).
- f. Does not allow for Mission-generated and managed task orders.

3. Context: Use this mechanism when:

- a. Significant historical or survey evidence of field preference for accessing centrally managed programs exists and is documented.

- b. There needs to be a central component of known technical leadership and funding available over the multi-year period desired (a significant level of proposed funding (e.g.,20%) should be provided centrally in comparison to overall total estimated cost), which should assist in achieving the level of definition needed for an LOE contract.
- c. Options may be possible; however, the magnitude of the option and the inability to define and price activities may counsel for a different choice of contract type. If LOE type contracts are used and options are included in the contract, the options can be designed to solely or largely accommodate field support activities and these activities are not subject to the percent limitations of the basic contract award.

Alternative 3: Single Award IQC

1. Advantages:

- a. Allows for a LOE task order that can include field support or field cost-contributions for technical leadership. Field Support or Field cost contributions are provided to a contract that is centrally managed. This allows for the marriage of a global leadership agenda with field implementation.
- b. Allows for other central and Mission stand-alone task orders.
- c. Limited concerns with field support since there are no longer issues related to fair opportunity, down select or OCI, given a single award context.
- d. Assembly and diffusion of best technical practices easier, given a single award.
- e. IQCs allow for the placement of orders over a 5-year period but performance can continue through year 6 under the Fixed Daily Rate (FDR) IQC model and year 8 under the Cost Plus Fixed Fee (CPFF) IQC model.
- f. Less work in procurement and management than #1, #4 & #5 since it involves one single action.

2. Disadvantages:

- a. Only one contractor, which does not allow for multiple awardees vying for task orders, and limits ability to increase diversity/new partners.
- b. Need to meet FAR standards for single award justification (multiple awards are specifically favored). These standards must be met even if there are practical advantages for its use.

3. Context: Use this mechanism when:

- a. Significant historical or survey evidence of field preference for accessing centrally managed programs in support of the core task order exists, and is documented.
- b. Must meet the requirements for a single award justification: FAR Subpart 16.504-- The contracting officer or other official designated by the head of

the agency determines in writing, as part of acquisition planning, that multiple awards are not practicable. The contracting officer or other official must determine that only one contractor can reasonably perform the work because either the scope of work is unique or highly specialized or the tasks so integrally related that they must be performed by the same contractor.

- c. There needs to be a central component of known technical leadership and funding availability over the multi-year period desired (a significant level of proposed funding, e.g., 20% of the overall task order) should be provided centrally . This should assist in achieving the level of definition needed for the core task order.
- d. Options designed to solely or largely accommodate field support can be included in the core task order and are not subject to the core percentage benchmarks.
- e. Single award IQCs should be brought to the attention of the Chief Acquisition Officer through information or clearance/approval memorandums.

Alternative 4: Single Award IQC and Multiple Awards IQC

1. Advantages:

- a. Single award allows for a task order that can include field support or field cost-contributions for technical leadership that includes central management and the marriage of leadership agenda with field implementation.
- b. Allows for other central and Mission stand alone task orders.
- c. Only minimum guarantee for all awardees.
- d. Allows for multiple awardees vying for task orders.
- e. IQCs allow for the placement of orders over a 5-year period but performance can continue through year 6 under the Fixed Daily Rate (FDR) IQC model and year 8 under the Cost Plus Fixed Fee (CPFF) IQC model.

2. Disadvantages:

- a. Much more difficult to distinguish scopes of work among the IQC awardees, given the broad nature of basic IQC scopes of work.
- b. Much more difficult to ensure a fair opportunity process, given that all awards are IQCs, even though a single award one is attempting to be set apart.
- c. Tasks assigned under the single award IQC could create an OCI if the single award IQC holder also has an award under the multiple award IQC.
- d. Increased burden to procure and manage for CTO and CO.
- e. Assembling and diffusing best technical practices more difficult and costly under a multiple award mechanism than single award mechanism.

3. Context: Use this mechanism when:
 - a. Must be able to specifically distinguish scopes of work which is likely to be highly problematic given the broad scope inherent in most IQCs.
 - b. In the single award IQC, the LOE task order that allows for field support must contain a central component of known technical leadership and funding availability over the multi-year period desired (a significant level of proposed funding (e.g., 20%) should be provided centrally in comparison to overall total estimated cost), which should assist in achieving the level of definition needed for an LOE task order.

Alternative 5: Multiple Awards IQC

1. Advantages:
 - a. Strong preference for this method under the FAR.
 - b. Allows for a task order that can include field support or field cost-contributions for technical leadership, if the task order complies with FAR and Agency Acquisition rules
 - c. Allows for other central and Mission stand-alone task orders.
 - d. Only minimum guarantee for all awardees.
 - e. Allows for multiple awardees vying for task orders.
 - f. IQCs allow for the placement of orders over a 5-year period but performance can continue through year 6 under the Fixed Daily Rate (FDR) IQC model and year 8 under the Cost Plus Fixed Fee (CPFF) IQC model.
2. Disadvantages:
 - a. Limits the degree to which a core task order can include field support or field cost-contributions compared to the overall IQC ceiling, given fair opportunity and OCI issues that are present in a multiple award IQC context
 - b. Ability to enact and disseminate technical leadership more difficult.
 - c. Involves multiple negotiations and award actions.
 - d. More work in management insofar as multiple awards are being managed.
 - d. Assembly and diffusion of best technical practices more difficult under multiple awards than single award mechanisms.
 - e. Requires Bureau to fund multiple minimum guaranteed amounts.
3. Context: Use this mechanism when:
 - a. A core task order can be defined and limited in size or focus. It can contain Bureau activities and field implementation, but the field implementation would be limited in scope and duration of support.
 - b. There needs to be a central component of known technical leadership and funding availability over the multi-year period desired (a significant level of proposed funding (e.g., one-quarter) should be provided centrally in comparison to overall total estimated cost) which should assist in achieving the level of definition needed for an LOE task order.

- c. A core task order or task orders ordinarily represent 25% or less of an overall IQC ceiling, and within the core task order approximately 25% of funding is technical leadership and 75% is field support. These percentages can vary. When there are multiple core task orders and the cumulative value of the core task orders would represent more than 25% of the IQC ceiling, then discussions between COs and CTOs are required prior to the obligation of funds. The discussions should include fair opportunity considerations, magnitude of the task orders, and distinct statements of work considerations.